GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure and Investment Department – Development of new International Greenfield Airport at Bhogapuram, Vizianagaram District on PPP model – Restoration of 500 acres of land to the developer of Greenfield International Airport at Bhogapuram, for city side development of Aviation Hub, based on the recommendations of the Group of Ministers (GoM) and other justifying grounds – Orders – Issued.

- - - -

The master plan for the airport envisages a handling capacity of 6 million passengers per annum in Phase-I, 12 million passengers per annum in Phase-II, 18 million passengers per annum in Phase-III. The Total project cost as per the approved RFP was Rs.2,302 Crores.

2. In the G.O 1st read above, Government have issued orders selecting M/s.GMR Airports Limited as preferred bidder *who has quoted the highest Per Passenger Fee of Rs.303/- as against an internal benchmark of Rs.209/- commencing from the 10th anniversary of commercial operations date of the commissioning of Airport* for development of New Greenfield International Airport at Bhogapuram, Vizianagaram district under PPP mode duly restricting the land parcel to be assigned to the developer from Ac.2,703.26 to Ac 2,203.26.

3. In the G.O. 2nd read above, the Government approved the Draft Concession Agreement (DCA) with the proposed changes of land for City Side Development, i.e., retaining of Acres 500 in the land parcels of B1, B2, C9, C10 and C11, by the Government of A.P and providing land parcels of A1, A2, C1 to C8, C12 and C13 totalling Acres 293.96 to the Concessionaire (against the total 793.96 acres proposed in the Master Plan and subsequent exercise of floating of bids and evaluation), towards development of New Greenfield International Airport at Bhogapuram, Vizianagaram District under PPP mode with the Concessionaire i.e M/s. GMR Airports Limited and also to make consequential changes in the Concession Agreement to record the same.

4. M/s GVIAL initially agreed for the LoA by the APADCL for reduced extent and signed the concession agreement. But, subsequently, submitted various Representations for restoration of 500 Acres of land starting from September 2022. In its letter dated 16.9.2022, M/s GVIAL submitted that due to challenges and delays in Land acquisition and R&R process, construction of the project is delayed by two and half years. Owing to the delays, the project cost is expected to double (-nearly 4600 Crores) due to *a) Inflation and escalation in prices of steel, cement and labour, b) Increase in diesel price for heavy earth moving equipment and c) External factors like currency depreciation and Geo-political confrontation pushing up prices of critical imported equipment and further elaborated that all* the above factors have impacted the viability of the project and financial lending institutions have expressed concerns regarding reduction of area of 500 ac for commercial development as the financial bids were submitted taking into account of monetization potential of the land area and requested that in order to ensure the economic viability of the project, to restore 500 ac for commercial development as was envisaged in the original bid. Similar representations were given subsequently vide representations dated 11.6.2024, 21.6.2024, 7.10.2024, 11.10.2024,27.11.2024, 2.1.2025, 19.2.2025, 5.3.2025 and 17.4.2025.

5. Government. after finding merits in the representations of GVIAL, constituted the committee of Group of Ministers (GoM) to examine the proposal of GVIAL vide G.O.Rt.No.59 General Administration (Cabinet-I) Department dt.10.01.2025.

6. The Group of Ministers held five meetings along with officials of the I&I Department, Finance Department and APADCL, to examine the issue in detail and arrived at the recommendations, based on the coverage of 500 acres of lands for city side development in the Techno-Economic Feasibility Report (TEFR), bids floated, received and finalized for development of Greenfield International Airport at Bhogapuram and based on the offer of M/s GVIAL to give additional Revenue Share through proportion of incremental sub-license fees, besides the annual land lease payments and on the basis of other justifying grounds. The GoM further rationalized the time line of implementation of the project, besides increasing the additional revenue share to the State/APADCL.

7. In the reference 7th read above, the Managing Director, APADCL has requested the Government to review the decision of the Council of Ministers {Council resolution No: 24/2020} for considering the request of M/s GVIAL for restoration of the 500 acres land to the developer of Greenfield International Airport at Bhogapuram, for city side development of Aviation Hub, as examined and recommended by the Group of Ministers (GoM).

8. Government, after careful examination, of the proposal of the Managing Director, Andhra Pradesh Airports Development Corporation Limited, Mangalagiri and recommendations of the Committee of Group of Ministers hereby order that:

1. Considered the proposal for restoration of the 500 acres of land to the developer of Greenfield International Airport at Bhogapuram, for city side development of Aviation Hub, as examined and recommended by the Group of Ministers (GoM) based on the offer of M/s GVIAL to give additional Revenue Share to the State through proportion of incremental sub-license fees, besides the annual land lease payments.

2. The Managing Director, A.P.Airports Development Corporation (APADCL) is authorized to enter a supplementary concession agreement with M/s GVIAL for 500 acres of land for city side development of GMR Visakhapatnam International Airport (Aviation Hub), as per the terms and conditions of the original Concession Agreement, duly incorporating financial proposals, as recommended by the Group of Ministers.

9. The Managing Director, CEO, Andhra Pradesh Airports Development Corporation Limited, Mangalagiri and the CEO, M/s GVIAL, Visakhapatnam shall take necessary action accordingly.

10. This order issues with the concurrence of Finance Department vide their U.O.No. FIN01-64030/21/2018-FMU.I&I,ENERGY, I&C, dated 18.05.2025 (Computer No.549602).

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N YUVARAJ
SECRETARY TO GOVERNMENT

To
The Managing Director, Andhra Pradesh Airports Development Corporation Limited, Mangalagiri.

The CEO, GVIAL, Visakhapatnam.
The District Collector & Magistrate, Vizianagaram for favour of information.

Copy to:
The Finance (FMU.I&I, Energy, I&C) Department.
The Revenue (Assignments) Department.
The Municipal Administration (UBS) Department.
The Group of Ministers through MD, APADCL, GoAP
The Secretary, Department of Aviation, New Delhi for favour of information.
The Chairman, Airports Authority of India, New Delhi for favour of information.
The General Administration (Cabinet) Department.,
The P.S. to Secretary to Hon'ble CM.
The P.S to M(I&I) Department
The P.S. to C.S to Govt.,
The P.S. to Secretary to Govt., I&I Department.
SF/SC (ENE01-17021/53/2018-AIRPORTS, Computer No. 546191)

//Forwarded :: By Order//

SECTION OFFICER